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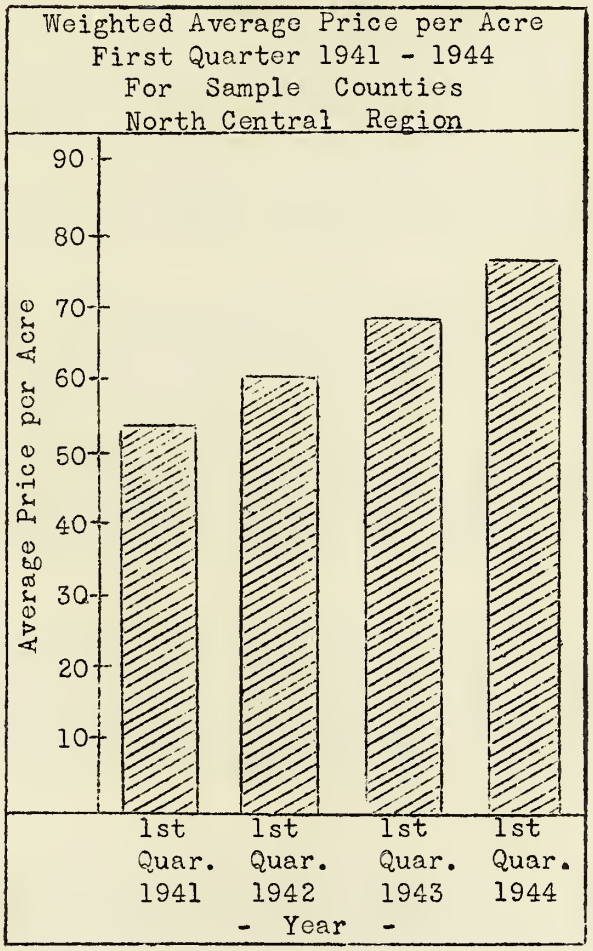
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE NORTH CENTRAL REGION

First Quarter 1944



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May 1944

SUMMARY

Volume: The current quarter produced the largest volume of transfers since the beginning of the Study - 40 percent more than the first quarter of last year and 64 percent more than either the first quarter of 1941 or 1942, and 71 percent above last quarter. The corn belt fringe area showed the greatest increase over a year ago.

Purchasers: Seventy-four percent of the land transferred in the current quarter was purchased by farmers. Tenants purchased 43 percent of the tracts bought by farmers. The percent of nonfarmers buying land has decreased from both the previous quarter and from first quarter of last year.

Sellers: More tracts have been sold by individuals during the present quarter than in any previous quarter. Owner operators sold 15 percent of the land transferred this quarter.

Prices: The average for acre sale price of land transferred in this quarter is 12 percent higher than a year ago and $5\frac{1}{2}$ percent higher than last quarter. Present quarter prices are 43 percent above the same period of 1941.

Buyer's Equity: For the first time since a year ago, less than half of the purchases have been made for cash. Buyer's Equity in total purchases for the region dropped from 67 percent last quarter to 65 percent this quarter. Equity in mortgage financed purchases declined from 39 percent to 36 percent for the same period.

Mortgage Financing: Purchase money mortgages continue to be the popular method of financing the purchase of land. However, the proportion of these mortgages is smaller than the previous quarter. The percent of new mortgages made by insurance companies has doubled from last quarter of 1943. Two-fifths of the new mortgages on land purchased in the current quarter will come due in five years or less.

Resales: The volume of land resold within one year for selected sample counties has increased from 7.7 percent of the total transfers in the third quarter of 1943 to 8.8 percent in the fourth quarter of that year. The percentage increase in price upon resale dropped from 16 percent to 5 percent for the same period.

Outlook: The steady and uniform advance in land prices leaves little to expect but a continued rise for at least the next few quarters. Future purchases will likely carry heavier mortgages and less equity for the buyer.

WARTIME LAND MARKET SURVEY 1/
First Quarter, 1944 2/

Introduction

Land is one of the few remaining items which can be bought and sold without price ceilings, rationing or credit restrictions. However, many are beginning to question whether the absence of such restrictions are an advantage or a disadvantage.

We have a false sense of security in the belief that we know better than to repeat our land buying spree of 1917 to 1920. However, preliminary reports from the Washington office of the Bureau of Agricultural Economics indicate that the volume of sales during 1943 was at record levels, surpassing the previous high reached in 1919.3/ The shattering of this past record is not a very inspiring accomplishment. The only consolation now remaining is that we have not yet paid quite so much for the land nor mortgaged quite so heavily. How soon will we surpass these previous records?

Increases in the number of farms being sold together with a continuing rise in land prices indicates that the welfare of society in general and of agriculture in particular demands positive action now if conditions which brought about much of the rural distress during 1920 and the early 1930's are not to be repeated.

It would not be reasonable to demand or even to expect present agricultural prices to be maintained for more than a year or two after the end of the war. Just as war workers should be prepared to experience reduced incomes through the loss of overtime and shorter hours so must the farmer be prepared for a reduced income if we have lower agricultural prices after the war.

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the departments of agricultural economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

Two counties have been added in the cutover area of Michigan and one in the Ozark area of Missouri to make a more complete sample of the land areas of the region and to record land market activities in the low land value areas of the region.

2/ This report is the ninth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only bona fide sales transfers and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ Current Developments in the Farm Real Estate Market - March 1944.

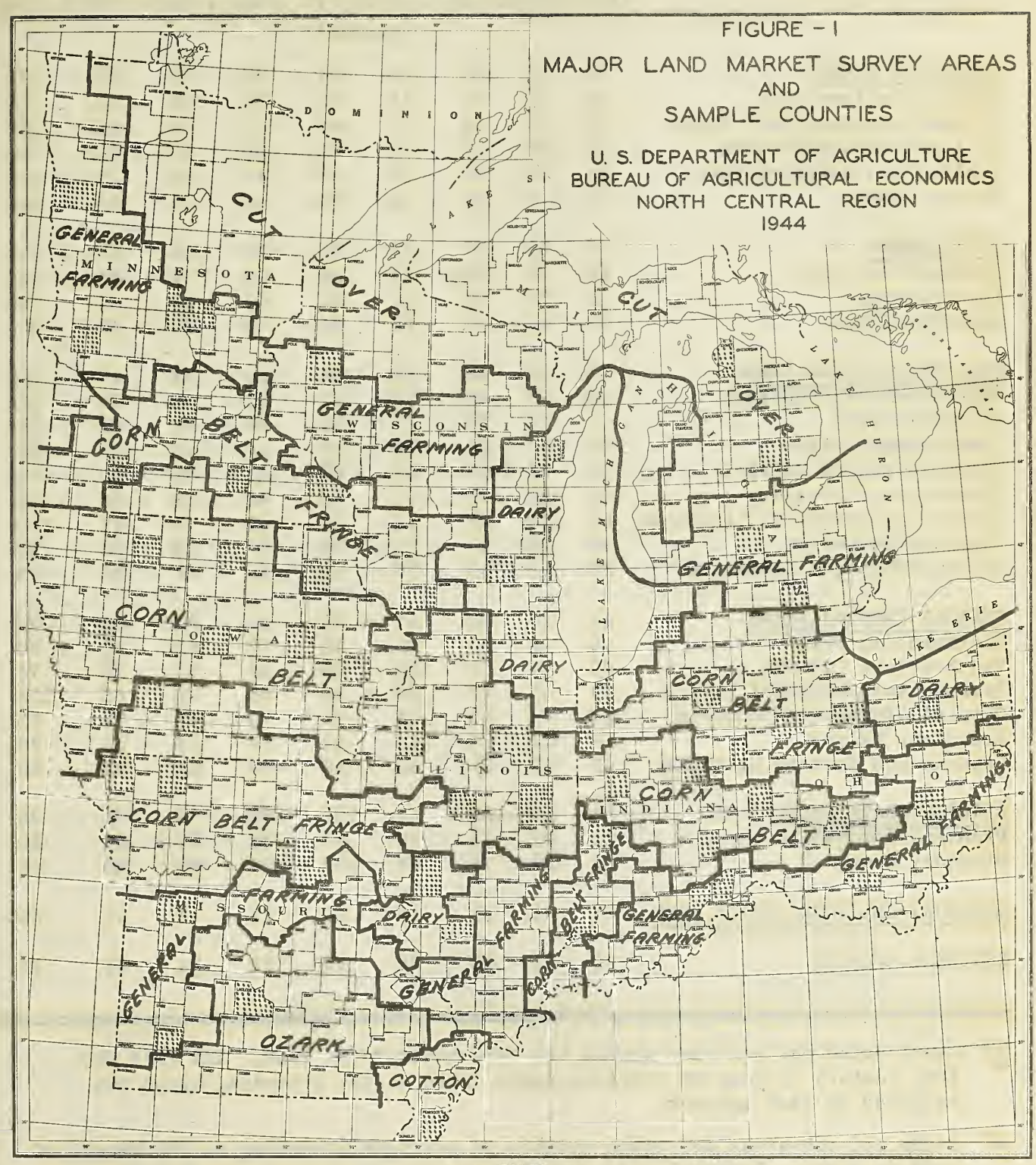
FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES
U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944
DOMINION
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ERIE
MINNESOTA
WISCONSIN
IOWA
ILLINOIS
INDIANA
OHIO
MISSOURI
GENERAL FARMING
CUT OVER
CORN BELT
CORN BELT FRINGE
DAIRY
GENERAL FARMING
OZARK
COTTON
SCALE IN MILES

TABLE I. Average Number of Recorded Voluntary Farm Real Estate Sales per sample county for quarters of 1941, 1942, 1943, and 1944 in the North Central Region 1/

Area 2/	1941 3/ Quarters		1942 Quarters		1943 Quarters				1st Quarter
	1st	2nd	1st	2nd	1st	2nd	3rd	4th	1944
	(Number)								
CORN BELT AREAS	50	22	43	20	54	39	22	22	70
Central Indiana-Ohio	44	27	39	31	66	50	39	50	62
Illinois-Indiana Cash Grain	30	20	41	17	48	27	18	15	45
Illinois-Iowa Livestock	56	30	47	23	53	30	13	20	74
Central and Northern Iowa	66	19	45	16	49	40	18	15	80
Western Iowa	34	9	40	14	62	50	23	13	86
DAIRY AREAS	39	43	40	32	45	59	48	57	68
Northeastern Ohio	43	59	50	58	54	69	57	53	89
Lake Michigan	43	36	42	24	46	60	48	64	68
East St. Louis	19	46	22	26	31	45	38	39	43
CORN BELT FRINGE AREAS	46	24	48	20	54	46	32	40	87
Toledo General Farming	46	21	46	21	63	70	39	49	90
Kankakee River	41	29	29	26	36	26	20	22	34
Lower Wabash River	28	17	29	25	50	44	40	60	69
Missouri Putnam Soils	58	27	58	30	60	42	32	61	98
Iowa-Missouri Pasture	81	26	66	21	86	48	32	38	99
Maryville-Greenfield Livestock	62	42	95	16	97	69	44	42	156
Southern Minnesota	23	20	24	16	18	27	25	29	69
LaCrosse-Dubuque Livestock	37	18	40	15	41	35	24	33	75
GENERAL FARMING AREAS	41	38	48	37	50	65	55	64	77
Southeastern Ohio	46	24	33	29	40	75	62	43	50
Southeastern Indiana	60	44	34	31	45	49	54	75	74
Southwestern Missouri Plains	69	45	47	36	90	88	72	83	123
Central Minnesota-Wisconsin	37	46	66	46	54	73	65	79	95
Red River Valley	19	14	22	14	20	27	14	37	26
Central and Western Michigan	45	50	52	49	52	62	55	65	82
CUTOVER OZARK AREA	59	69	59	61	108	68	70	74	78
Michigan Cutover	21	27	21	24	17	35	37	36	30
Missouri Ozark	71	82	71	73	137	78	80	86	93
MISSOURI-ILLINOIS COTTON AREA	58	31	34	15	15	19	17	52	30
REGIONAL AVERAGE	46	32	46	28	55	51	34	45	77

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

VOLUME

The first quarter generally proves in most areas to be the quarter having the greatest number of transfers each year. The current quarter has gotten off to a healthy start. It has given the region its largest volume of farm land transfers for any quarter since the beginning of this project, January 1, 1941.

The volume of sales for the first quarter of this year is 40 percent greater than the first quarter of 1943 and 67 percent greater than the first quarter of 1941 or 1942 (Table I). In only two areas has the present volume of transfers been exceeded in the first quarter of previous years. These are the cotton area in which the volume of transfers in the first quarter of 1941 and 1942 exceed the current figures and the cutover-Ozark area which had a larger number of transfers in the first quarter of last year.

The area showing the greatest increase in activity over a year ago is the corn belt fringe area. Here the volume of transfers for the current quarter is 61 percent higher than a year ago. A heavy contributor to this increase was Nodaway County, Missouri, located in the Maryville-Greenfield livestock area. This county produced the largest number of transfers yet reported for any of the sample counties. A total of 203 bona fide transfers were reported which conveyed approximately 22,247 acres - slightly over 4 percent of that county's total land in farms.

It is interesting to notice that the greatest increases in activity between most of the first quarters does not occur in the extremely good land areas or the poor land areas but rather in those areas possessing primarily farm land of average quality.

PURCHASERS

Seventy-four percent of the land transferred in the current quarter has been purchased by farmers (Table 2). This is the highest proportion of farmer purchases yet attained and represents a 2 percent increase over last quarter and a 7 percent increase over the same quarter a year ago (Table 3).

TABLE 3. Proportion of Tracts of farm land Purchased by occupation and intent of Purchaser

YEAR	FARMERS		NON-FARMERS	
	To Operate	To Lease to Others	To Operate	To Lease to Others
	Percent			
1943				
1st quarter	60	7	8	25
2nd quarter	54	7	10	29
3rd quarter	48	7	11	34
4th quarter	62	10	10	18
1944				
1st quarter	66	8	11	15

TABLE 2. Farmers and nonfarmers buying farms and their intentions to operate or lease to others, first quarter 1944, North Central Region

Area	Total transfers classified	Farmers		Nonfarmers	
		To operate	To lease to others	To operate	To lease to others
	(Number)	Percent			
CORN BELT AREAS	653	62	12	5	21
Central Indiana-Ohio	211	66	5	7	22
Illinois-Indiana Cash Grain	84	55	19	1	25
Illinois-Iowa Livestock	95	57	12	6	25
Central and Northern Iowa	134	63	11	4	22
Western Iowa	129	67	9	6	18
DAIRY AREAS	250	64	5	18	13
Northeastern Ohio	18	61	0	17	22
Lake Michigan	182	63	5	21	11
East St. Louis	50	72	12	6	10
CORN BELT FRINGE AREAS	780	72	7	6	15
Toledo General Farming	170	62	8	11	19
Kankakee River	49	67	8	6	19
Lower Wabash River	70	73	7	10	10
Missouri Putnam Soils	113	72	7	5	16
Iowa-Missouri Pasture	100	80	5	8	7
Maryville-Greenfield Livestock	119	70	7	1	22
Southern Minnesota	61	79	8	3	10
LaCrosse-Dubuque Livestock	98	73	5	3	19
GENERAL FARMING AREAS	361	68	6	13	13
Southeastern Ohio	58	53	9	21	17
Southeastern Indiana	87	57	8	20	15
Southwestern Missouri Plains	77	73	0	12	15
Central Minnesota-Wisconsin	91	82	2	9	7
Red River Valley	13	62	15	8	15
Central and Western Michigan	35	57	6	17	20
CUTOVER OZARK AREA	10	50	0	50	0
Michigan Cutover	8	50	0	50	0
Missouri Ozark	2	50	0	50	0
MISSOURI-ILLINOIS COTTON AREA	20	40	20	5	35
REGIONAL TOTAL	2074	66	8	11	15

Tenants bought 43 percent of the total number of tracts purchased by farmers.

The greatest proportion of non-farmer purchases were made in the dairy area. This is undoubtedly due to the proximity of such land to large urban centers. The heaviest proportion of farmer purchases occurred in the corn belt fringe area where about 4/5 of the purchases were made by farmers.

Except in the case of tenants, purchases by farmers were made primarily for the purpose of enlarging the existing farm unit. A few cases have been reported of owner operators desiring to expand selling their present farm and buying a new and larger farm.

The proportion of non-farmers planning to operate their newly purchased farms has increased substantially over a year ago.

SELLERS

More tracts have been sold by individuals during the present quarter than in any previous quarter. Seventy-six percent of the tracts transferred were sold by individuals (Table 4). Last quarter 70 percent of the sales were by individuals and 68 percent in the first quarter of last year.

The proportion of sales by estates has changed but little up to the present quarter. These sales this quarter are about 5 percent below last quarter. Sales by local governments and corporations have steadily declined from 16 percent of total sales a year ago to 13 percent of the current quarter's sales. Sales by corporations were very spotty throughout the region, ranging from 38 percent of the sales in the Red River valley area to none in northeastern Ohio.

Owner operators sold heaviest in the Kankakee River area. This was true with the exception of the cotton area a year ago.

Fifty-seven percent of the owner operators who sold land in the current quarter plan to continue farming (Table 5). This is a slight increase over the 54 percent who expressed such intentions last quarter.

TABLE 5. Intention of Owner-operators who recently sold land, sample counties, first quarter, 1944. North Central Region

Area	Intent of owner-operators after selling land			
	Continue to farm	Work in other civilian occupations	In Armed Forces	Retire
	Percent			
Corn Belt Areas	62	9	1	28
Dairy Areas	44	7	0	49
Corn Belt Fringe Areas	57	7	2	34
General Farming Areas	57	10	1	32
Cutover Ozark Area 1/				
Cotton Area	50	30	10	10
REGION	57	9	1	33

1/ Omitted as only 3 cases were available.

TABLE 4. Types of owners selling farms, first quarter, 1944
North Central Region

	Total transfers classified	Type of Seller				
		Owner operator	Landlord	Unclassified individuals	Estates	Corporations and Gov't.
	(Number)	- - - - - -		Percent		- - - - - -
CORN BELT AREAS	1158	16	25	30	16	13
Central Indiana-Ohio	310	29	39	16	12	4
Illinois-Indiana Cash Grain	135	17	33	19	27	4
Illinois-Iowa Livestock	221	12	19	47	18	4
Central and Northern Iowa	321	9	15	39	12	25
Western Iowa	171	18	26	15	16	25
DAIRY AREAS	602	20	19	46	11	4
Northeastern Ohio	178	6	3	80	11	0
Lake Michigan	339	26	23	37	10	4
East St. Louis	85	18	27	31	15	9
CORN BELT FRINGE AREAS	1590	16	22	36	12	14
Toledo General Farming	361	16	21	45	14	4
Kankakee River	67	34	20	25	15	6
Lower Wabash River	137	19	23	35	14	9
Missouri Putnam Soils	196	15	25	26	14	20
Iowa-Missouri Pasture	197	12	23	31	7	27
Maryville-Greenfield Livestock	311	7	18	42	11	22
Southern Minnesota	138	20	19	41	12	8
LaCrosse-Dubuque Livestock	183	10	27	32	11	20
GENERAL FARMING AREAS	850	14	23	41	7	15
Southeastern Ohio	99	23	31	36	8	2
Southeastern Indiana	147	30	27	32	9	2
Southwestern Missouri Plains	246	10	18	55	10	7
Central Minnesota-Wisconsin	143	18	32	23	8	19
Red River Valley	52	4	13	39	6	38
Central and Western Michigan	163	8	13	71	4	4
CUTOVER OZARK AREA	153	1	5	83	3	8
Michigan Cutover	60	5	7	75	6	7
Missouri Ozark	93	0	4	85	2	9
MISSOURI-ILLINOIS COTTON AREA	30	33	30	27	3	7
REGIONAL TOTAL	4383	15	22	39	11	13

The greatest change in these intentions occurred in the corn belt area. The percent of owner operator sellers who intend to continue farming dropped from 78 percent last quarter to 62 percent for the current quarter. This decrease was accompanied by an increase in the percentage planning to retire. These actions are probably explained by the 5 percent increase from last quarter in sales by owner operators in this area. A compensating increase of more than 10 percent over last quarter in the number planning to continue farming for both the corn belt fringe and general farming areas maintained the regional figure.

A few of those owner operators selling land who plan to continue farming have used present high land prices to reduce the size of their farm and also to reduce the existing debt on the land.

Not all sales by those planning to continue farming were restricted to a part of the original farm unit. A number have sold their entire farm and plan to purchase a larger or smaller unit. Primarily purchases by this group, however, will be of smaller units for partial retirement from farming.

PRICES

Land prices in the north central region continue to rise. Average regional first quarter land prices have risen 43 percent since 1941. This rise, however, has been extremely uniform (see cover). The average per acre sale price of land sold in the current quarter is 12 percent higher than a year ago (Table 6). The increase in price from '41 to '42 and '42 to '43 was 13 percent in both cases. Current quarter prices are 5½% higher than last quarter.

None of the major type of farming areas have experienced a decline in average first quarter land prices since 1941.

The greatest increase since the first quarter of 1941 has been in the cotton area where the average price for the present quarter is 63 percent above the first quarter of 1941. Another area experiencing a sharp increase is the corn belt fringe area. Here the present average price is 56 percent above the same quarter of 1941.

The greatest increase since the first quarter of last year occurred in the general farming area. Price changes in the sub areas ranged from an increase of 59 percent over the first quarter of 1943 in the Iowa-Missouri pasture area to a decrease of 11 percent in the Kankakee River area for the same period.

With the exception of the cutover Ozark area the greatest price increases over the first quarter of 1943 have occurred in the lower land value areas.

TABLE 6. Average per acre price of farm real estate changing ownership in sample counties, by areas, first quarter 1941, 1942, 1943, and 1944, in the North Central Region 1/

Area	No. of sample counties for 1943	1st Quar. 1941 2/	1st Quar. 1942	1st Quar. 1943	1st Quar. 1944	Pct. change 1st quarter '44 over 1st quarter '43
	(Number)	--------- Dollars			---------	(Percent)
CORN BELT AREAS	17	86	97	112	121	+ 8
Central Indiana-Ohio	5	82	88	98	114	+16
Illinois-Indiana Cash Grain	3	126	138	144	157	+ 9
Illinois-Iowa Livestock	3	82	91	106	114	+ 8
Central and Northern Iowa	4	76	93	118	120	+ 2
Western Iowa	2	62	64	79	89	+13
DAIRY AREAS	9	71	71	83	95	+14
Northeastern Ohio	2	61	81	80	95	+19
Lake Michigan	5	80	72	92	99	+ 8
East St. Louis	2	53	54	57	79	+39
CORN BELT FRINGE AREAS	20	45	53	61	70	+15
Toledo General Farming	4	61	81	92	96	+ 4
Kankakee River	2	54	54	70	62	-11
Lower Wabash River	2	37	42	49	66	+35
Missouri Putnam Soils	2	24	22	30	30	0
Iowa-Missouri Pasture	2	27	32	32	51	+59
Maryville-Greenfield Livestock	2	49	52	55	65	+18
Southern Minnesota	3	50	58	75	87	+16
LaCrosse-Dubuque Livestock	3	43	50	52	65	+25
GENERAL FARMING AREAS	12	29	33	33	39	+18
Southeastern Ohio	2	25	31	29	36	+24
Southeastern Indiana	2	31	23	33	30	-9
Southwestern Missouri Plains	2	24	24	30	35	+17
Central Minnesota-Wisconsin	2	21	21	24	33	+38
Red River Valley	2	25	26	26	32	+23
Central and Western Michigan	2	53	56	58	62	+ 7
CUTOVER OZARK AREA	3	14	16	18	18	0
Cutover	2	20	23	18	20	+11
Ozark	1	12	14	18	17	-6
MISSOURI-ILLINOIS COTTON AREA	1	63	84	94	103	+10
REGIONAL TOTAL	62	53	60	68	76	+12

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month. The names of sample counties are given in the Appendix.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

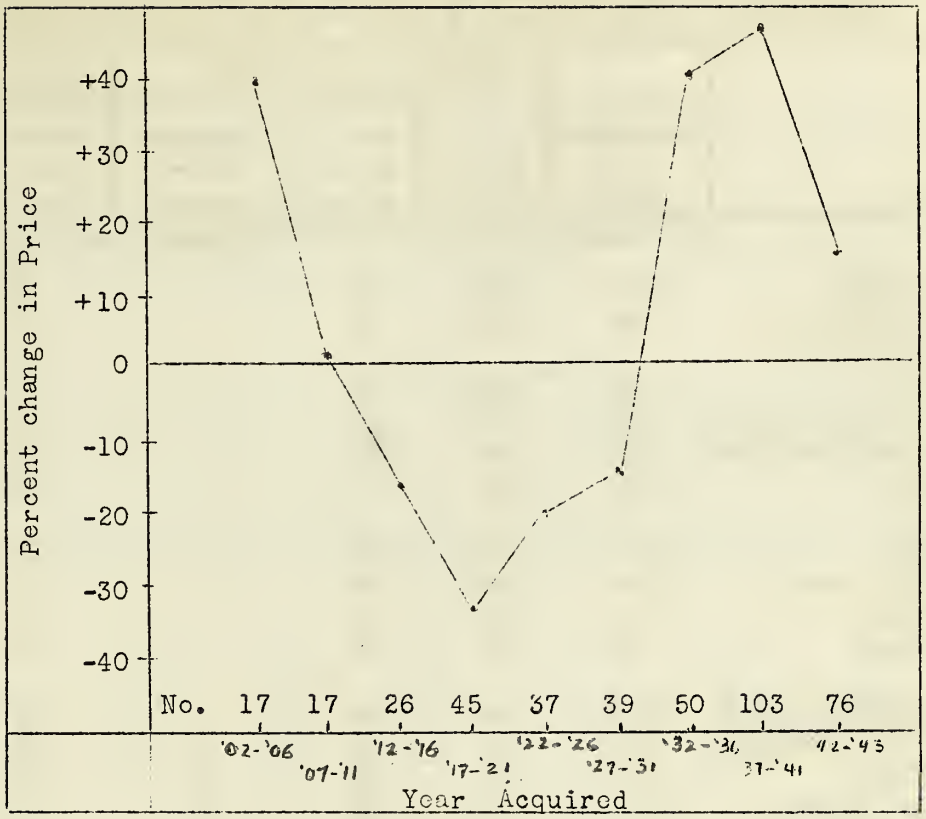

FIGURE 2. The percentage change in price of land sold during the first quarter of 1944 from the price at which the land was acquired. 1/

Figure 2 indicates the relationship of present land prices to past prices and shows that land acquired in the period 1917 to 1921 was purchased at an average price approximately 33 percent higher than the price at which it was resold in the current quarter (Fig. 2).

There is only a difference of 15 percent between present quarter prices and the average price paid for this land during 1927 to 1931.

BUYER'S EQUITY

The region has just experienced a short lived period of only two quarters during which more than half of the land purchases were made for cash. Only 47 percent of the land purchased in the current quarter was paid for in cash (Table 7), as compared to 52 percent in the third and fourth quarters of last year and 50 percent in the second quarter of last year. The current figure, however, is 7 percent above a year ago.

The greatest decrease in the percent of cash sales from last quarter occurred in the corn belt fringe area. There were 12 percent fewer cash sales in this

1/ Based on data from questionnaires returned by individuals selling land.

TABLE 7. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties, North Central Region, first quarter, 1944

Area	Total transfers classified	Method of financing			Buyer's equity	
		Cash sales	Cash and Mortgage	Purchase contracts	In mortgaged properties 1/	In all properties deeded
	(Number)	- - - - - - -		Percent	- - - - - - - - - -	
CORN BELT AREAS	1157	38	61	1	46	63
Central Indiana-Ohio	309	36	63	1	47	64
Illinois-Indiana Cash Grain	135	52	48	0	56	77
Illinois-Iowa Livestock	221	41	59	0	48	66
Central & Northern Iowa	321	35	64	1	41	57
Western Iowa	171	29	70	1	41	53
DAIRY AREAS	602	52	48	0	41	65
Northeastern Ohio	178	52	48	0	41	69
Lake Michigan	339	45	55	0	41	60
East St. Louis	85	75	25	0	43	79
CORN BELT FRINGE AREAS	1590	43	56	1	42	63
Toledo General Farming	361	48	52	0	47	69
Kankakee River	67	30	70	0	49	60
Lower Wabash River	137	47	53	0	47	63
Missouri Putnam Soils	196	43	57	0	35	58
Iowa-Missouri Pasture	197	35	64	1	40	60
Maryville-Greenfield Livestock	311	65	31	4	38	72
Southern Minnesota	138	38	61	1	43	63
LaCrosse-Dubuque Livestock	183	39	61	0	36	54
GENERAL FARMING AREAS	822	56	44	0	35	67
Southeastern Ohio	98	67	33	0	31	71
Southeastern Indiana	147	48	51	1	46	68
Southwestern Missouri Plains	246	50	50	0	39	63
Central Minn.-Wisconsin	143	47	52	1	31	57
Red River Valley	25	68	32	0	37	87
Central & Western Mich.	163	57	43	0	39	67
CUTOVER OZARK AREA	153	72	27	1	41	75
Michigan Cutover	60	83	15	2	52	88
Missouri Ozark	93	69	31	0	36	71
MISSOURI-ILLINOIS COTTON AREA	30	27	73	0	66	71
REGIONAL TOTAL	4354	47	52	1	42	65

1/ Includes purchase contracts.

area during the current quarter than during the last quarter of 1943. The corn belt area was a close second with a 10 percent decline in the number of cash sales.

The dairy area and the general farming area experienced a 2 percent and a 1 percent increase respectively in the number of cash sales over last quarter.

The increase in percent of mortgage financed sales has been accompanied by a 2 percent drop from last quarter in the equity of all land purchased. Heavier mortgaging of financed purchases is indicated by a 3 percent decline in the equity of such purchases for the same period.

TABLE 8. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter 1943 - 1944. North Central Region

Year	Corn Belt Areas		Dairy Areas		Corn Belt Fringe Areas		General Farming Areas	
	All Pur.	Mtg.Fin.	All Pur.	Mtg.Fin.	All Pur.	Mtg.Fin.	All Pur.	Mtg. Fin.
	Dollars							
1943								
1st Quar.	41	60	28	50	22	32	12	20
2nd Quar.	42	59	27	53	19	34	11	20
3rd Quar.	33	56	28	55	20	37	9	20
4th Quar.	36	60	36	53	20	37	11	21
1944								
1st Quar.	43	62	31	56	23	38	13	25

Table 8 reveals that the mortgage debt per acre for all purchases as well as mortgage financed purchases made in the primary types of farming areas of the region is higher than for any previous period.

MORTGAGE FINANCING

Purchase money mortgages continue to be the popular method of financing the purchase of land. Only 32 percent of the mortgage financed purchases this quarter were financed by the seller (Table 9) as compared to 41 percent in the previous quarter.

Twenty-six percent of the other new mortgages were made by commercial banks. This does not represent any change from the previous quarter.

The percent of new mortgages made by insurance companies has doubled since the previous quarter. The percentage of new mortgages made by individuals increased from 16 percent last quarter to 19 percent in the current quarter.

TABLE 9. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, first quarter 1944
North Central Region 1/

Area	Purchase money mortgages 2/	Other new mortgages by				
		Individuals	FLB, LBC & FSA	Insurance Co.	Commercial banks	Other
	Percentages					
CORN BELT AREAS	26	11	10	24	25	4
Central Indiana-Ohio	16	12	3	14	41	14
Illinois-Indiana Cash Grain	10	19	18	43	8	2
Illinois-Iowa Livestock	19	10	15	17	38	1
Central & Northern Iowa	39	8	9	23	20	1
Western Iowa	38	9	7	25	20	1
DAIRY AREAS	33	23	10	2	27	5
Northeastern Ohio	27	17	14	0	37	5
Lake Michigan	36	30	3	4	23	4
East St. Louis	30	6	29	0	29	6
CORN BELT FRINGE AREAS	38	20	6	8	24	4
Toledo General Farming	26	10	4	6	52	2
Kankakee River	30	19	2	19	19	11
Lower Wabash River	39	12	5	4	35	5
Missouri-Putnam Soils	46	21	7	0	22	4
Iowa-Missouri Pasture	49	14	11	3	16	7
Maryville-Greenfield Livestock	44	16	8	10	21	1
Southern Minnesota	46	25	2	11	16	0
LaCrosse-Dubuque Livestock	26	36	12	10	12	4
GENERAL FARMING AREAS	36	23	5	0	25	11
Southeastern Ohio	30	19	0	0	7	44
Southeastern Indiana	25	23	2	0	41	9
Southwestern Missouri Plains	27	20	11	0	33	9
Central Minn.-Wisconsin	41	22	0	0	35	2
Red River Valley	43	14	14	0	15	14
Central & Western Michigan	32	37	6	0	25	0
CUTOVER OZARK AREA	22	28	0	0	40	10
Michigan Cutover	13	25	0	0	62	0
Missouri Ozark	25	29	0	0	33	13
MISSOURI-ILLINOIS COTTON AREA	50	0	40	10	0	0
REGIONAL TOTAL	32	19	7	10	26	6

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

Although mortgage indebtedness is the most critical factor in a land boom, its influence may be maximized or minimized according to the terms and conditions of the mortgage contract.

Five percent is the most common rate of interest on new mortgages made this quarter (Table 10). The 4 percent rate was most common in mortgages made by insurance companies and the Federal Land Banks. 1/

TABLE 10. Proportion of new farm land mortgages made at various interest rates, by type of lender, 13 sample counties, first quarter, 1944, North Central Region

Type of Lender	Total Cases	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
	(Number)	Percent								
Individuals	155	0	4	3	31	8	40	9	5	0
Commercial banks	169	0	0	0	22	7	48	22	1	0
Insurance Companies	31	0	0	3	68	19	3	0	7	0
FLB and LBC	71	0	0	0	52	3	45	0	0	0
Others	14	0	14	0	29	14	22	14	7	0
TOTAL	440	0	2	1	33	8	41	12	3	0
Interest rate not given	149									
GRAND TOTAL	589									

Two-fifths of the new mortgages on land purchased in the current quarter will come due in 5 years or less (Table 11). Seventy-two percent bear a maturity date of 1954 or sooner. These figures are slightly lower than for mortgages made in the last quarter.

1/ Sample counties used in the study of mortgage terms are Knox, Porter and Adams, Indiana; Medina, Seneca and Wayne, Ohio; Fayette, Clarke, and Palo Alto, Iowa; Gratiot and Lenawee, Michigan; Cottonwood, Minnesota, and Knox, Illinois.

TABLE 11. Proportion of new farm mortgages made for various lengths of time, by type of lender, 13 sample counties, first quarter 1944, North Central Region

Type of Lender	Total cases	Length of Mortgage: 1 year or Less	2, 3 or 4 Years	5 Years	6,7,8 or 9 Years	10 Years	Over 10 Years
	(Number)	- - - - -		Percent	- - - - - - - -		
Individuals	125	14	9	37	4	28	8
Commercial banks	157	7	6	47	15	22	3
Insurance companies	67	0	0	1	9	27	63
FLB and LBC	71	0	0	0	1	10	89
Other	11	0	18	9	18	46	9
TOTAL	431	7	5	28	9	23	28
Length of mortgage not given	158						
GRAND TOTAL	589						

Almost 4/5 of the new mortgages carry some type of whole or partial amortized repayments (Table 12). This is encouraging in that at least some of the indebtedness will be repaid during this period of high agricultural income.

The percent of mortgages made this quarter carrying no plan of amortized payment is somewhat lower than last quarter.

TABLE 12. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 13 sample counties, first quarter 1944, North Central Region

Type of Lender	Total Cases	Percent of total mortgages: Fully Amortized	Partially Amortized	Not Amortized
	(Number)	- - - - -	Percent	- - - - - - -
Individuals	119	27	41	32
Commercial banks	152	33	37	30
Insurance companies	58	33	62	5
FLB and LBC	71	100	0	0
Other	10	50	40	10
TOTAL	410	43	36	21
Method of repayment not given	179			
GRAND TOTAL	589			

RESALES

A record of the number of tracts resold within a year from their date of purchase indicates that as yet such quick turnovers are not too significant. Such resales comprised only 8.8 percent of the total sales for the fourth quarter of last year in sample counties (Fig. 3).1/ This figure, however, represents a rise from 7.7 percent of total sales in the previous quarter. It would seem inevitable that with the large and increasing volume of transfers that resales will play an increasing part in the land market.

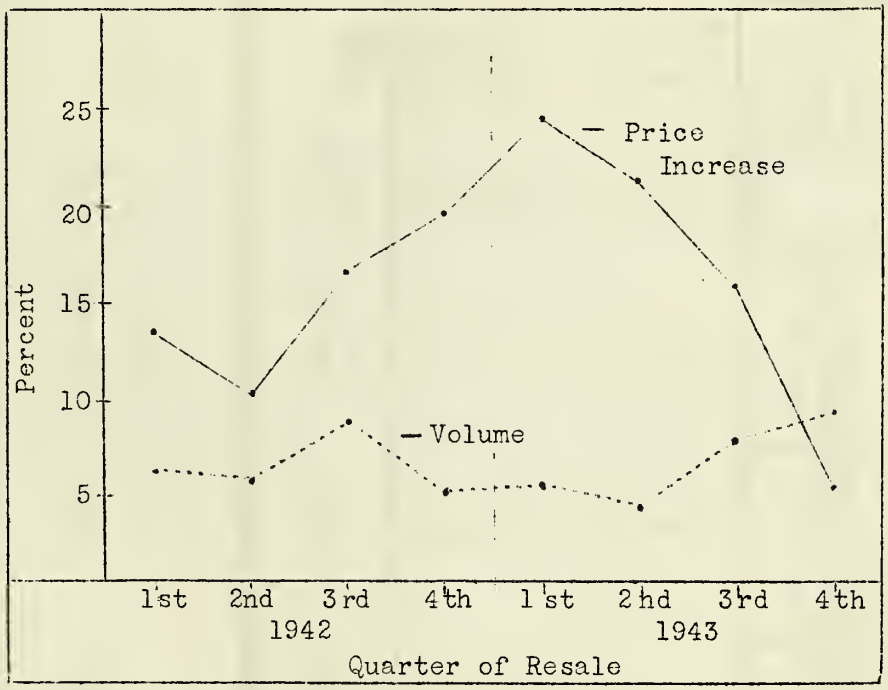

FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. 2/

1/ See Table 13 for counties used in the study of resales.

2/ Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once during the two and one-half years.

Purchase and sales prices were used in determining the change in price or gross profit of the seller. It should be recognized that sales costs have not been taken into account in computing profit.

TABLE 13. Number and percentage of fourth quarter 1943 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	No. of resales by months between purchase and Resale: Not over 6	Over 6, not over 12	Over 12, not over 18	Over 18, not over 24	TOTAL	Ratio of Resales to all Sales	Sales of properties held more than 24 Mo.	All sales properties purchased after December 31, 1940: Total	Ratio to all sales
Knox, Ill.	21	0	1	1	2	4	19.0%	0	4	19.0%
McHenry, Ill.	45	1	0	0	1	2	4.4	2	4	8.9
Cedar, Iowa	16	0	1	0	0	1	7.2	0	1	7.2
Putnam, Ohio	40	3	2	0	0	5	12.5	0	5	12.5
Cottonwood, Minn.	25	0	0	0	0	0	-	0	0	-
Steele, Minn.	26	0	0	0	0	0	-	0	0	-
Nodaway, Mo.	58	8	0	1	2	11	19.0	2	13	22.4
Harrison, Mo.	53	2	2	3	3	10	19.0	1	11	20.7
Crawford, Iowa	14	0	0	0	0	0	-	0	0	-
Pemiscot, Mo.	52	3	8	2	3	16	30.8	1	17	32.7
TOTAL	350	17	14	7	11	49	14.0	6	55	17.7
Percentage change in price		+3.2%	+6.7%	+19.5%	+38.3%	+11.2%		-9.3%	+9.5%	
THIRD QUARTER 1943 2/										
TOTAL	441	23	11	3	10	47	10.6	10	57	12.9
Percentage change in price		+5.7%	+38.1%	-9%	+9.5%	+12%		+41.2%	+22.6%	

1/ It will be noted that the table is based on fourth quarter transfers.

2/ Data from 15 sample counties.

The percent increase in the price of land resold within one year dropped to 5 percent continuing a decline which started with the second quarter of 1943 (Fig. 3).

Land sold in the current quarter averaged 13 years in possession of the seller as compared to 12 years for land sold last quarter. 1/

Most of the land acquired since December 31, 1940, which was resold in the third and fourth quarters of last year was only held for a year or less (Table 13).

OUTLOOK

The steady and uniform advance in land prices leaves little to expect but a continued rise for at least the next few quarters. It is doubtful if any change except possible legislation would be severe enough to halt the upward trend of land prices. Any reduction in industrial production which may indicate imminent unemployment might even give added impetus the bidding by workers for the "meal ticket" which land ownership is thought to represent.

The mortgage picture is none too encouraging. Not only has the percent of mortgage financed purchases increased but also the buyer's equity in recently purchased land has declined. This represents a complete reversal of the progress that has been made up to this time. There is good reason to believe that future purchases made at higher prices will carry heavier mortgages and less equity for the buyer.

1/ Based on data from questionnaires returned by individuals selling land.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
- Grant Co., Ind.
- Rush Co., Ind.
- Tippecanoe Co., Ind.
- Darke Co., Ohio
- Madison Co., Ohio

Illinois-Indiana Cash Grain
- Logan Co., Ill.
- Champaign Co., Ill.
- Livingston Co., Ill.

Illinois-Iowa Livestock
- Knox Co., Ill.
- Ogle Co., Ill.
- Cedar Co., Iowa

Central & Northern Iowa
- Benton Co., Iowa
- Cerro Gordo Co., Iowa
- Palo Alto Co., Iowa
- Story Co., Iowa

Western Iowa
- Crawford Co., Iowa
- Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
- Medina Co., Ohio
- Wayne Co., Ohio

Lake Michigan
- Brown Co., Wis.
- Jefferson Co., Wis.
- McHenry Co., Ill.
- Porter Co., Ind.
- Van Buren Co., Mich.

East St. Louis
- Clinton Co., Ill.
- Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
- Adams Co., Ind.
- Putnam Co., Ohio
- Seneca Co., Ohio
- Lenawee Co., Mich.

Kankakee River
- Newton Co., Ind.
- Noble Co., Ind.

Lower Wabash
- Parke Co., Ind.
- Knox Co., Ind.

Missouri-Putnam
- Audrain Co., Mo.
- Monroe Co., Mo.

Iowa-Missouri Pasture
- Clarke Co., Iowa
- Harrison Co., Mo.

Maryville-Greenfield
- Nodaway Co., Mo.
- Adair Co., Iowa

Southern Minnesota
- Cottonwood Co., Minn.
- McLeod Co., Minn.
- Steele Co., Minn.

LaCrosse Dubuque
- Fayette Co., Iowa
- Lafayette Co., Wis.
- *Winona Co., Minn.

General Farming Areas

Southeastern Ohio
- Muskingum Co., Ohio
- Pike Co., Ohio

Southeastern Indiana
- Jennings Co., Ind.
- Ripley Co., Ind.

Southwestern Mo. Plains
- Johnson Co., Mo.
- Lawrence Co., Mo.

Central Minn.-Wisconsin
- Barron Co., Wis.
- *Morrison Co., Minn.

Red River Valley
- Stevens Co., Minn.
- Norman Co., Minn.

Central & Western Mich.
- Livingston Co.,Mich.
- Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover (Lower Peninsula)
- Emmet Co., Mich.
- Ogemaw Co., Mich.

Missouri Ozark
- Laclede Co., Mo.

Cotton Area

- Pemiscot Co., Mo.

*Omitted this quarter

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